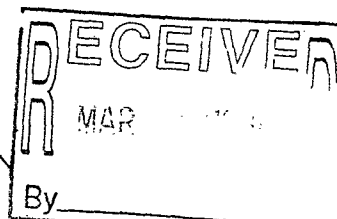




STATE OF DELAWARE  
THE PUBLIC SERVICE COMMISSION  
1560 SOUTH DUPONT HIGHWAY  
P.O. BOX 457  
DOVER, DELAWARE 19903-0457



TELEPHONE: (302) 739 - 4247  
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March 4, 1994

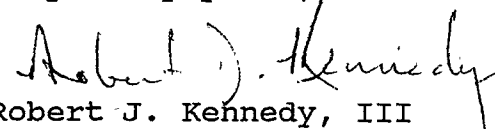
Mr. Randy Sturgeon (3HW42)  
Remedial Project Manager  
U.S. EPA Region III  
841 Chestnut Building  
Philadelphia, Pennsylvania 19107

Dear Mr. Sturgeon:

Enclosed are the written comments of the Delaware Public Service Commission submitted in response to the U.S. Environmental Protection Agency's proposed Remedial Action Plan for the Dover Gas Light Superfund Site located in Dover, Kent County, Delaware.

We urge your favorable consideration of these comments in reaching a decision in this matter.

Very truly yours,

  
Robert J. Kennedy, III  
Executive Director

RJK/njs  
Enclosure

cc: The Chairman and Members of the Commission (w/encl)

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COMMENTS OF THE DELAWARE PUBLIC SERVICE COMMISSION  
CONCERNING THE PROPOSED PLAN ISSUED BY THE  
U. S. ENVIRONMENTAL PROTECTION AGENCY  
FOR THE DOVER GAS LIGHT SITE

SUBMITTED: MARCH 4, 1994

The United States Environmental Protection Agency ("EPA") has released a proposed Remedial Action Plan (the "Plan") for the Dover Gas Light Superfund Site located in Dover, Kent County, Delaware. Chesapeake Utilities Corporation, Inc. ("Chesapeake") is the current owner of the Site. Chesapeake's wholly-owned subsidiary, the Delaware Division, is a natural gas public utility subject to regulation by the Delaware Public Service Commission ("PSC") pursuant to Title 26 of the Delaware Code.

The EPA's Plan outlined several clean-up alternatives, including the EPA's preferred alternative, for addressing contaminated soil and ground water at the Site. The EPA's preferred alternative is a combination of ground water recovery using pump-and-treat system with approximately 20 recovery wells, and excavating and incinerating or disposing contaminated soils above allowable levels from the former coal gas facility that was located on the Site. The EPA's release of its Plan triggered a 30-day public comment period during which the public was invited to review the Plan and submit comments thereon. The PSC has reviewed the EPA's Plan and submits the following comments for the EPA's consideration.

It has been suggested that the EPA may believe that, because a public utility is a potentially responsible party, there is therefore an available "deep pocket" which will contribute to

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financing any remedial plan. Chesapeake, as successor to the owner of the manufactured gas plant on the Site, will almost certainly have some financial interest in the remedial plan ultimately adopted for the Site and the attendant costs thereof. There is a potential that the costs associated with the remedial plan for this Site will be proposed by Chesapeake for recovery in its natural gas service rates. The PSC is concerned that only such costs that are reasonably necessary be incurred and, therefore, urges that the Plan eventually adopted for the Site be the one which best balances the needs of the environment with other appropriate considerations, including, but not limited to, costs. Indeed, because of the potential involvement of a public utility having a monopoly for the provision of essential public services, it is even more incumbent upon the EPA to propose an efficient and cost-effective remedial plan.

It would be inappropriate to develop, and seek to implement, a remedial plan that would have a low probability of success and which would result in wasted effort and resources. In public utility regulation, expenses which are incurred through waste, abuse of discretion, or bad faith, are not to be included in the calculation of just and reasonable utility rates.

In its written comments on the EPA's preferred Plan, Chesapeake has identified several areas where it suggests additional flexibility should be permitted, and has suggested other changes to the Plan to accomplish the clean-up in what it believes to be a sensible and efficient manner. Chesapeake's detailed

suggestions and comments should be given serious consideration and evaluation as the EPA determines the details and structure of a Plan to remedy the contamination associated with this Site in a cost-efficient and effective manner.